

A Better Way To Process Mail Orders *Does* Exist

Renowned cataloger, The Johnson Smith Company, expects to save \$1.5 million thanks to a mail extraction and document scanning solution that automates mail order processing.



The mail order catalog industry dates back to the days of our forefathers when Benjamin Franklin produced the first known catalog to sell academic and scientific books. Few industries have such a colorful past, and few catalog companies have a history as fascinating as The Johnson Smith Company. Founded in 1914, Johnson Smith is one of America's oldest catalog companies. Influenced heavily by The Great Depression, the company has focused on providing an escape for its customers — an escape that comes in the form of the fun gifts and novelties it offers in its catalogs. Today, Johnson Smith produces a total of four catalogs full of lighthearted gifts, wellness products, and nostalgic items, but the company's flagship catalog is *Things You Never Knew Existed*.

One thing that Johnson Smith never knew existed was a better way to process the mail orders it received on a daily basis. For the better part of 100 years, the company manually processed all incoming mail orders, but recently (and quite by chance) Johnson Smith became enlightened to the productivity, cost-saving, and error-reduction benefits that document imaging and data capture technologies could bring to its mail processing activities.

MANUAL ORDER PROCESSING PROVES TIME CONSUMING, ERROR PRONE

Like most mail order companies, Johnson Smith has largely adopted a web-based business model. Today, approximately 60% of Johnson Smith's catalog business is transacted online and through their call center. However, the balance of its customers still prefer to submit orders the old-fashioned way — by placing orders via the traditional mail-in order form.

For years, Johnson Smith has been using an OPEX extraction desk to streamline the process of opening envelopes and removing the contents. From this point on, however, employees manually processed each order — an activity that required manual data entry and several physical paper touch points for each form. This time-consuming process delayed or backlogged

orders, boosted labor costs, required additional staffing during seasonal peaks, slowed deposits, and increased order returns due to errors and split shipments due to out-of-stock items.

While these problems existed, Johnson Smith believed the mail order process it developed over its century in the business was as organized and streamlined as it could get. The company felt the process challenges it experienced were simply an inevitable cost of being in the catalog business.

"Johnson Smith wasn't looking for a new mail order processing solution," says Ellen Pullman, the company's director of technical marketing. "We didn't really know there was a better way to process orders than what we were doing."

Then, serendipity intervened. On a routine visit to Johnson Smith in December 2010 to discuss the extraction desks in use, OPEX's national sales manager, Bob Fires, introduced Johnson Smith executives to a technology solution that would help automate the company's order processing. The solution consisted of an OPEX AS7200i document scanner bundled with AnyDoc Software, a sophisticated OCR (optical character recognition) application.

Standing in the hallway listening to Bob was Ralph Hoenle, Johnson Smith's President. Quite interested, Ralph joined the conversation and agreed to visit another mail order firm to see this solution in action. Impressed with what was demonstrated, the company placed the order for an AS7200i in May 2011. Three months later, the process went live.

DOCUMENT SCANNING AND DATA CAPTURE AUTOMATES MAIL ORDER PROCESSING

Johnson Smith secured the services of solution provider CPT Intelligent Technologies to implement the solution and integrate the scanner with OCR For AnyDoc. CPT was extremely experienced in this area, having previously implemented a similar solution at another mail order giant. The new solution

starts with an OPEX AS7200i scanner that comes equipped with a built-in document extraction desk. Employees use the AS7200i to open incoming envelopes, extract the contents, and scan catalog order forms and checks. Data from order form images are automatically captured and extracted by OCR For AnyDoc and automatically routed to Johnson Smith's order management system, Ecometry — which virtually eliminates manual data entry. In addition, check information is passed to AQ2 Technologies Check Processing software.

With the OPEX scanner and OCR technology, the data from the order forms is also validated against Johnson Smith's business rules for accurate order fulfillment, which significantly reduces errors. The solution recognizes the type of document in each envelope (such as payment by check or credit card), and sorts the contents into five different output trays. MICR (magnetic

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The Johnson Smith Company

ink character recognition) check data and amounts are captured and read. Account numbers on the order forms are read by the software and validated

against Johnson Smith's customer tables in Ecometry. When there is a mismatch, a change of address, or if the order is being shipped to someone else (as when a customer is ordering a gift), the operator can see that data and update the Ecometry tables. In addition, all item numbers are validated against the Ecometry tables, and quantities, costs, totals, and credit card information are read and verified.

Previously verified manually, checks are now automatically verified by a payment service and, for a small fee, those which pass validation are guaranteed for the check amount should they be returned.

Once the check has been guaranteed and the data verified, the OPEX/AnyDoc/AQ2 solution displays the order form image, check image and customer address, which is retrieved from a Johnson Smith database, allowing the operator to verify to which address the order will be sent. During this step, the operator also validates whether the check amount matches the order total before finalizing the order for shipment.



AUTOMATION PRODUCES A 6-MONTH ROI

While not a solution Johnson Smith was necessarily looking for, it hasn't taken the company long to realize the substantial benefits the technology has provided. “There are so many benefits,” says Pullman. “Our new scanning solution has allowed us to process orders a lot faster. Plus, it's much more accurate than manual processing.”

Increased speed not only benefits customer service, but it also lets the purchasing department know when product inventories are low. By maintaining good inventory levels, the number of orders that have to be shipped in two parts due to out-of-stock items is dramatically reduced. Instances of double shipping can get “really expensive” according to Pullman. Another benefit is a significant reduction in the time to train workers on the new system versus the old manual methods.

Other quantifiable benefits of the solution include:

- Reduced order turnaround from 2.5 days to 1 day
- Substantially reduced labor costs
- Reduced 8 physical touch points of the orders
- Reduced outsourced calls
- Reduced data entry errors by 70%
- Projected total savings in the first five years: \$1.5 million
- ROI: 6.4 months

The fast ROI was a particularly pleasant surprise for Johnson Smith. “We would have been happy with a 15-month ROI,” says Pullman.

In addition to these quantifiable benefits, Johnson Smith has benefited from enhancements in their quality of service and improved customer satisfaction. Orders are filled more quickly and accurately, significantly reducing the number of packages returned and reshipped.

Also, quicker access to order information enables Johnson Smith to streamline its merchandise restocking process and reduce back-orders. The ability of the solution to scale to meet the high order volumes generated during holiday seasons has also eliminated the need for Johnson Smith to hire costly temporary help.

The bottom line for Johnson Smith is this: Reduced processing costs, fewer missed orders, and happier customers.

“I look at it [the CPT/OPEX solution] now and wonder why everybody with a reasonable amount of mail doesn't do it,” says Pullman. “It's a no-brainer and hugely beneficial. While we didn't know it existed until recently, I'm glad we finally discovered it.”

